

DGS Small Business Council (SBC) Minutes

September 13, 2005 **PROPOSED**



SBC Attendance

The Department of General Services (DGS) Small Business Council (SBC) meeting was attended by: Rita Hamilton (Chair); Mariel Dennis (alt. Chair), Iris Ching, Elisabeth Brinton, Janet De Zonia, Paul Guerrero, Calvin Lucas (alt. for Aubry Stone), Randall Martinez, Rob Porter, and Betty Jo Toccoli.

Special Guests

The following special guests participated in the SBC meeting:

- Ron Joseph, Director, Department of General Services (DGS);
- Andrew Chang, Chief Deputy Director, DGS

Absent SBC Members

The following members were absent:

- Gene Hale, L.A. African-American Chamber of Commerce;
- Kerry Osaki, Asian Business Association of Orange County;
- Tracy Stanhoff, American Indian Chamber of Commerce of CA (AICC);
- Stephen McGlover, CA Community Connection Corporation.

Executive Committee Meeting

Rita Hamilton welcomed the SBC Committee Chairs; Betty Jo Toccoli, Rob Porter and Paul Guerrero and reiterated that the DGS Key philosophies are:

1. DGS is committed to ACCESS. Access to information, resources, individuals and opportunities to increase the participation of small businesses (SBs) and DVBEs in the contracting process.
2. DGS is dedicated to creating OPPORTUNITIES for SB/DVBEs.
3. DGS is interested in SBs taking an OWNERSHIP stake in the State's procurement programs to the fullest extent possible.

The Committee Chairs discussed ways to make the Council more effective:

- Small business bills that should be addressed and supported by the SBC
- Recruit new members for Council; Committees may include non-members
- Survey SBC members for time commitment to Council and Committees and how often committees should meet
- Clarified expectation that committees should meet at least once between Council meetings; or as often as necessary to accomplish the issues they have selected. Committees need to prioritize the brainstorming issues they choose to work on first
- Suggested holding committee meetings the day before the SBC meeting to avoid early morning flights the day of SBC meeting.
- Hold committee meetings using conference calls or at regional State offices to avoid additional travel

Council and committee members that volunteered to serve were reminded of the importance of attending all meetings regularly.

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Prior Meeting Minutes

Janet DeZonia made a motion to approve the minutes and Elisabeth Brinton seconded the motion. Approved unanimously.

DGS Update

DGS members, Rita Hamilton and Mariel Dennis, provided an update on a variety of DGS initiatives (a copy of the presentation will be on the Council Web site). Below are highlights:

- Procurement Division (PD) has created a new Communication and Outreach Unit under the leadership of Ken Hunt, Acting Manager.
- The Governor's Office of the Small Business (SB) Advocate position was to be filled imminently. [Note: The appointee is Dennis Trinidad.] The SBC plans to request he join the Council.
- The SB Executive Order is being resubmitted to the Governor's Office.
- The informal bids threshold (non-IT goods) was raised to \$50,000 (effective 9/1/05).
- A new draft of the SB application was provided for comments. Reply to Mariel Dennis at Mariel.Dennis@dgs.ca.gov.
- The annual SB/DVBE participation reports are in progress and DGS will notify the Council as soon as the information is finalized.
- The Council concurred with PD's recommendation to increase the SB size limit, as follows:
 - Small Business - \$12 million
 - Micro-business - \$3 million
 - Number of Employees – no change
- Demonstration of Enhanced Web Query and Keyword search – OSDS welcomes suggestions for improvements; more are planned.
- OSDS has initiated many process improvements to reduce the length of application processing down from 80 days to approx. 30 days. The DVBE renewals are being maintained at 30 days. The current number of certified firms on the database is 15,657.
- Upcoming State Agency Recognition Awards (SARA) will be held on October 27 at 10:00 AM the Ziggurat auditorium. There are two new categories; "Most Notable Improvements" and "Advocate of the Year." SBC Members were invited. The nomination deadline was extended.

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DGS Updates Continued

- Stewart MacKenzie, CA Dept. of Veterans Affairs DVBE Outreach Coordinator, recapped the first Advocate workshop (August 23), at which 26 Advocates attended. The top issues they will work on are: (1) seeking executive sponsorship; (2) updating SB/DVBE Toolkit; (3) learning to do email blasts to certified firms; and (4) Good Faith Effort.
- Regulatory Update – Mariel Dennis reported:
 - OSDS completed a 2nd draft of DVBE regulations; draft will be shared with DVBE Council and State stakeholders for informal comments (on Web site at www.pd.dgs.ca.gov/smbus).
 - Next will draft regulations for Nonprofit Veteran Services Agency (NVSA), followed by update of SB Regulations
- Legislative Update – Joyce Gibson discussed a handout of select bills:
 - **AB 348** (Arambula - Chaptered) SB certification and reciprocity – requires the DGS to develop a statewide SB certification application that may be adopted by all participating entities.
 - **ACR 76** - October 2005 is Micro enterprise Development Month. DGS Outreach & Communications will plan an event.
 - **SB 115** (Florez – Enrolled) DVBE Program – requires the DGS to adopt rules and regulations establishing a uniform process that would provide a DVBE participation incentive to bidders that would be mandatory for all State agencies. *[Note: Chaptered 10-3-05]*
 - **SB 577** (Figueroa – Enrolled) Requires State agencies, to use CAL-Card for purchases up to \$50,000 (and State agencies use SCPRS).
 - **SB 954** (Figueroa – Enrolled) Makes findings regarding IT acquisitions; requires the DGS to develop policies and guidelines for IT procurement. Contains urgency clause.

DGS Update Action Items

- OSDS to provide reports (OSDS to work with OTR):
1. Number of new applicants vs. renewals over last 12 months;
 2. Impact to workload of increasing SB ceiling amounts;
 3. Recommendation of goals for number of certified firms;
 4. Percentage of firms with keywords and enrolled in SOS;
 5. Procurement Division spend with Small Business; and
 6. How many SB firms get contracts (OSDS to work with State Controller)
- Janet De Zonia requested SBC members receive a copy of the Advocate Toolkit when completed. OSDS will post on Web and notify all.

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California Strategic Sourcing Initiative (CSSI) Update

Terese Butler and Allison Melani presented recent CSSI accomplishments (this presentation is also available on the Council Web site):

- Copiers & Associated Services -- Awarded to Sharp Electronics Corp. Projected savings – over \$8 million dollars. Commitment to subcontract 25% with multiple SBs (conducted DVBE Good Faith Effort).
- PC Goods – Seven contracts awarded among various suppliers, the majority of which have SB/DVBE subcontractor participation.
- IT Hardware – Enterprise Data Storage Devices, intent to award issued 9/02/05 and estimated savings over \$50 million dollars over 3 years. Proposed awardees agreed to subcontract at least 25% to certified SBs.
- Wireless Equipment & Service Plans – Intent to Award issued 9/8/05, estimated savings \$20 million over 2 years (no SB/DVBE participation).
- MRO (Maintenance, Repair and Operating) Supplies eRFP – the DGS is committed to the continued participation of SB/DVBES in this category (MRO is historically an active category for SB/DVBES). Two bidders' conferences will be held to assist certified firms, including one in So. Cal. Email went to 12,000 firms to alert them of the upcoming opportunity on 9/12/05.

CSSI Update Action Items

The following ACTION ITEMS resulted from the CSSI Update:

1. Betty Jo Toccoli requested a report of OfficeMax SB/DVBE purchases.
2. Allison will send MRO email blast to Iris and Lori to share with SBC and the DVBE Council.
3. Olivia Fonseca, Deputy Director and SB/DVBE Advocate, Caltrans, stated that various districts have successfully hosted Procurement Fairs for SBs (one Fair awarded over \$400,000 dollars in contracts onsite). The next Procurement Fair will be held in Orange County on October 26. The Office of SB/DVBE Services has agreed to expedite the applications of firms not yet certified. Caltrans will send their flyer about their Procurement fair to OSDS and OSDS will email it to Council members and certified firms.
4. The SBC suggested Partnering Workshops both before and after CSSI contracts are awarded. In addition, suggested holding bidders' conferences in both northern and southern California.
5. Recommended using Caltrans model and increasing advertising; recommend evaluation to ask how they found out about the opportunity or do a study.

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DGS Small Business Council Minutes – Committee Reports

Construction Committee

Paul Guerrero's committee is focusing on Design/Build contracts. There are issues with prime contractors that do not list subcontractors. They are developing model language (utilization plan) with a process that includes SB/DVBE subcontractors modeled after one used by Real Estate Services Division (RESO). Faye McGirr, RESO will coordinate legal analysis. Faye recommends legislation that allows DVBE utilization plans for public works/construction projects. **ACTION:** Follow up with RESO on legislation.

Commodities and Goods Committee

Calvin Lucas reported this committee's priorities:

1. Access to decision-makers (including DGS Director); showcase successful firms who can share how they did it.
2. Length of time for contract awards is excessive; establish standard?

He also inquired who is making the decisions on the State contracts? What is it going to take to make the decision-makers liable for their actions (supplier diversity)? How can the SB actually win contracts? How can DGS counter the "bundling contracts" perception? Are we missing opportunities outside of CSSI to share successes? Even in CSSI, we aren't sharing how much better it is for SB than before CSSI. How do we capture the "trickle down" impact of SB increasing jobs and impact to the California economy.

ACTION ITEM: Expand partnering workshops or matchmaking for major contracts (not just CSSI). Consider advertising in more trade papers.

Contracting and Procurement Processes Committee

Elisabeth Brinton's committee's top priorities are Items #6-7-8

- #6 – Terms and Conditions - contradictory laws and regulations
- #7 Bonding Requirements (perception in some agencies it is mandatory) Small business cannot complete 75% of the job until they receive a payment. DGS should clarify deliverable based payments are not "progress payments". A SB cannot wait to get paid. Gov. Code 12112 needs to be reviewed and language amended or for most SBs they will lose dollars on the contract (or they will not bid). Trend: fewer SBs bid due to onerous terms and conditions.
- #8 - Bid evaluation: low cost vs. "best value." Total cost of ownership versus "best value" language was included in SB 954. Need to balance savings with qualities SBs bring with niche market/specialization.

ACTION ITEM: OSDS to add certified firms "success stories" along with their picture on the PD Web site. Rita/Elisabeth to lead bonding focus group and review statutes/regulations. Will develop input for CAL-PCA training. URGENT.

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DGS SBC Minutes – Committee Reports, *continued*

IT Goods and Services Committee

Rob Porter's committee's priorities:

1. Access to buyers, CIOs
2. Access to impartial, knowledgeable policy/disputes authority.

DGS is doing a good job hosting workshops and bidders conferences. If firms are not attending, they are not utilizing the tools offered. PCC 10300 established Supplier Advocate (and perhaps SB 954) identify a "defined and established source" to go to for questions or disputes on contracts. First line for contact is that department's contract official and then the SB/DVBE Advocate.

Legislative Committee

Priorities:

#12 Size Standards and for the SBC to assist agencies to meet their 25% goal.

Betty Jo Toccoli did not hold any meetings this year as the deadline had passed to submit legislation for consideration. She will concentrate on bills for submission to the DGS for 2006 (due in November).

Outreach Committee

Randall Martinez thanked the team for all their hard work. Work in progress:

1. Develop an electronic & hard copy announcement on the new SBC (completed before June and September meetings).
2. Develop a specific initiative to migrate all 15,000 certified firms to the CSCR to improve awareness of specific procurements (CSSI, CMAS, Master Agreements, etc.)
3. Develop a plan to proactively reach out to the Advocates

Oral Washington is charged with a project of the entry of certified firms into CSCR and SOS. Phase 1 – transfer information from SB/DVBE BIS system electronically into CSCR/SOS from all firms currently not enrolled (Robin Borden, Office of Technology Resources and two administrators are working on this team and should be completed the end of 2005). Phase 2 – establish system procedures to automatically enroll future newly certified firms into CSCR/SOS.

Vital for the Outreach team to continue to assist SBs to understand the RFP process and how to get business with the State. Timing of vendor fairs critical to facilitate partnering before bid teams solidified.

ACTION ITEM: Mariel Dennis to research getting hyperlink to Controller's Office webpage (shows financial resources) posted on PDs homepage and also other financial resources for SBs such as NorCal Federation and the SB Loan Program at Business Transportation & Housing Agency. Betty Jo Toccoli to provide recent SCO study to Mariel.

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DGS SBC Minutes – Committee Reports, *continued*

Outreach Committee, *continued*

Committee member, Angela D'Ambrosio (CalPERS SB Advocate), contacted CalPERS' individual SB vendor list and got 95% participation to update their keywords and to register for the Subscription Outreach Service (SOS).

Priorities:

- 1 Self-Certification (CPR GG 20)
- 2 Reciprocity (CPR GG 21)
- 3 Size Standards
- 4 Vendor Fairs
- 5 Improving database tool to find firms
- 6 Financial Assistance

Personal Services Committee

Kerry Osaki reported he is surveying about 200 SBs in the Asian Business Association of Orange County to find how many have gotten business with the State and what challenges, if any, they encountered. Will report at next meeting.

California Performance Review (CPR) Initiatives – (New)

Mariel Dennis to convene a special focus group to discuss these issues as well as Commercially Useful Function. The meeting is planned for October 2005. Council members will be notified.

DGS Small Business Council – Discussion Items

Discussion Items

- Rita Hamilton gave a recap of the Executive Committee's meeting.
- Increasing SB participation – Betty Jo Toccoli shared how the State Controllers Advisory SB Council did a study of the 21 lowest performing agencies whose contracts valued over \$500 Million. By working with them, the Controller used his position on various Boards to lend executive support and participation increased. Betty Jo asked if there is a role the SBC and the DGS can play to assist agencies in improving their SB participation? It was noted DGS has no enforcement authority. Suggestions included:
 - SBC sending letters to Secretaries of underperforming agencies;
 - Media blitz (Outreach Committee) to various business journals;
 - Contacting Senator Figueroa's SB Committee to assist by holding hearings like Senators Morrow and Florez;
 - Follow up with the Governor's Office on Governor establishing meeting SB participation goal as a performance metric for Agency Secretaries (could be included in the Executive Order).
- Agency Success Story – Laurie Cootz, SB/DVBE Advocate, Dept. of Corporations, shared her outreach toolkit. She requests SBs to identify if they are a Microbusiness and when the firm sends email blasts to State agencies, to include their company name, certification type and number in the subject line. Also, include an outline of strengths in the field they work, name, company name, address, phone, fax, website and email address. This format can be shared easily with other departments.
- The Council reviewed the table of SB Council Issues. Items were clarified, assigned and some deleted. Deleted: #10, 11, 18, 19 ,20 ,24 and 30. Completed items: #13, 27, 32, 33, 34, 38, and 45. The corrected table will be posted on the Council Web site.
- Office of Public School Construction Funds – will discuss at the next meeting.
- SB Size Standards – Paul Guerrero suggested the DGS propose legislation to have a third category for the very large SB.

Action Items

The following action items resulted from the Council Discussion:

1. Outreach committee to consider suggestions to increase participation.
2. Elisabeth Brinton suggested hosting a "meet and greet" networking event for certified firms to meet the SB/DVBE Advocates. DGS Resource Exchanges do this – Elisabeth recommended just keep having them.
3. Construction Committee will research the SB Size Standard for new status of very large SB and consider recommendation for next meeting.

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DGS Small Business Council – Closing

**Public
Comment
Period**

Don Zweifel stated that we work in a vertical industry and the “middleman” does perform a Commercially Useful Function for a business (e.g., ensures primes pay their subs). He offered to work with Ms. Toccoli and the DVBE Council to modify the DGS Management Memo.

**Closing
Remarks**

Iris Ching will survey the SBC to see best dates for 2006 meetings (members specified keeping meetings on Tuesdays through Thursdays). Iris can also assist committee chairs with scheduling their meetings or conference calls.

Adjournment

The Council adjourned at 4:10 PM

Rita Hamilton
Deputy Director
Procurement Division